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2006 JUN 29 PM 4 46

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June 29, 2006

HAND-DELIVERED

Ms. Florene Davidson
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: New Mexico Oil Conservation Division Case No. 13756; Application of XTO Energy, Inc. For Compulsory Pooling, Eddy County, New Mexico

Dear Florene:

Enclosed is an original and two copies of the Application of XTO Energy, Inc. in the above referenced matter. On behalf of the Applicant, we request this matter be set for hearing on the August 17, 2006 Division Examiner hearing docket. Also enclosed on disk and in hard copy is a proposed advertisement for the case.

Thank you for your assistance.

Very truly yours,

MILLER STRATVERT P.A.



J. Scott Hall

JSH/glb
Enclosures

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STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE
APPLICATION OF XTO ENERGY INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NO. 13756

APPLICATION

XTO ENERGY INC., by its undersigned attorneys, Miller, Stratvert P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1978 Section 70-2-17 (1995) for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing, including the Undesignated Laguna Grande-Wolfcamp Gas Pool, the Undesignated Nash Draw-Atoka Gas Pool, the Undesignated Nash Draw-Strawn Gas Pool, the Undesignated Remuda-Wolfcamp Gas Pool, and the Morrow formation. Said units are to be dedicated to its Remuda Basin 25 State Well No. 1 to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of Said Section 25. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a charge for risk involved in drilling said well.

1. Applicant owns certain working interests in and under the E/2 of Section 25, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Remuda Basin 25 State Well No. 1 to be drilled from a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of Said Section 25 to a depth sufficient to test the

Morrow formation underlying the E/2 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

3. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formations underlying the E/2 of said Section 25.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on August 17, 2006 and that after notice and hearing as required by law, the Division enter its Order approving the unorthodox well location and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

MILLER STRATVERT P.A.

By:

J. Scott Hall

J. Scott Hall
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Proposed Advertisement

Case No. ~~1375~~ Application of XTO Energy Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing, including the Undesignated Laguna Grande-Wolfcamp Gas Pool, the Undesignated Nash Draw-Atoka Gas Pool, the Undesignated Nash Draw-Strawn Gas Pool, the Undesignated Remuda-Wolfcamp Gas Pool, and the Morrow formation. Said units are to be dedicated to its Remuda Basin 25 State Well No. 1 to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of Said Section 25. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 9 miles East of Loving, New Mexico.

2006 JUN 29 PM 4 46